

## Advent's Top Five Wealth Management Trends

Throughout 2009, wealth managers devoted as much effort to stanching losses as growing wealth. Indeed, last year will not be remembered fondly by many, but as we look out into the new decade ahead, most wealth management firms we deal with believe that we are climbing out of the hole that the market plunged into in the latter half of 2008.

In short, to borrow a phrase from the sporting world, we anticipate 2010 will be a "rebuilding year." No championships will be won, but the pieces for a recovery in the wealth management arena should be in place. Coping with emerging regulations and taking steps to regain investor confidence will be the leading initiatives as we enter a new decade.

Based on conversations with our clients as well as industry experts, we have identified the top five trends in wealth management we expect to see during the year. While not scientific, we believe that our informal poll of the wealth management industry provides a clear snapshot of key issues.



### Trend #1—Increasing Government Regulation

One overriding theme that emerged in nearly all of our discussions with clients is that new Federal regulations are on the way in 2010, but no one is sure exactly what shape they will take or what their long-term effect will be. Whether Washington simply pays lip service to financial industry reform or writes new legislation with far-reaching effects, some kind of expanded regulation is a virtual certainty in 2010. And that will mean additional investment for wealth managers—whether it's for staff, training, or technology.

### Trend #2—Rebuilding Investor Confidence

The evaporation of wealth in 2008 coupled with continued uncertainty in 2009 has made clients more hands-on than ever. While this heightened interest can be viewed as a positive development, it also clearly indicates that regaining investor confidence remains a priority. With intensified client scrutiny into performance, portfolio holdings, and investment style, wealth managers need to be prepared to provide in-depth responses backed by detailed reporting. More than ever, we anticipate that wealth managers will be walking a tightrope between providing more transparency and keeping tight control over costs. Thus, we expect to see wealth managers adopting cost-effective technology solutions that offer their clients better reporting without taxing already-stretched resources.

### Trend #3—Leveraging Technology for Greater Efficiency

The staff reductions and cutbacks of the past 18 months will put wealth managers in a position of having to do more with less across the boards—whether it's in the front, middle, or back office. Since a return to pre-2008 staffing levels is not expected anytime soon, if ever, we anticipate that wealth managers will look to technology solutions that drive automation and enhance efficiency. Beyond traditional enterprise portfolio management systems, we expect to see greater emphasis on automated solutions for CRM, reporting, reconciliation, and research management.

### Trend #4—Raising the Bar on Client Service

Investors are feeling somewhat better today than they did one year ago, but they are certainly not full of confidence. In order to rebuild investor confidence, look for wealth managers to make concerted efforts to service their clients better than ever. And for many investors, service begins and ends with superior reporting. Based on conversations with wealth management firms and clients, we believe clients will demand that managers be able to report on the totality of their assets—not just the portion of their money that they actively manage—by taking advantage of account aggregation technology. By giving clients a comprehensive, holistic view of their wealth, firms can restore confidence and gain the edge they need to attract and retain high net worth clients.

### Trend #5—Increased Interest in Technology Outsourcing

Wealth managers are not IT managers, and most don't want to be. As they reexamine how they do business, many firms are wondering if it still makes sense to try and run their portfolio management and reporting systems in-house. The outsourcing options are many, from software-as-a-service (SaaS) to full business process outsourcing. And the functionality of the best offerings has gotten considerably more robust in just the past few years. Firms stand to save money on implementation, avoid maintenance hassles, and eliminate the need for internal IT expertise. But the main appeal for wealth managers is that outsourcing frees them to focus on their core competencies—managing money and working with clients.

In conclusion, with the financial markets pointing toward renewed growth, the success of wealth managers may largely depend on how well they leverage technology across the spectrum of their operations to efficiently deliver and effectively differentiate their services.

### About Advent

Advent Software, Inc., a global firm, has provided trusted solutions to the world's leading financial professionals since 1983. Firms in over 50 countries count on Advent technology to manage their mission-critical operations. Advent's quality software, data, services, and tools enable financial professionals to improve service and communication to their clients, allowing them to grow their business while controlling costs.

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